



NICO
Life
associated with Sanlam group

NICO LIFE INSURANCE COMPANY LIMITED

Registration Number 6114

EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2018



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CONSOLIDATED AND SEPARATE SUMMARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP		COMPANY	
	2018 K'm	2017 K'm	2018 K'm	2017 K'm
Gross revenue	79,173	80,124	78,202	79,933
Reinsurance	(274)	(282)	(274)	(282)
Net revenue	78,899	79,842	77,928	79,651
Gross insurance benefits	(18,602)	(13,372)	(18,602)	(13,372)
Reinsurance	57	80	57	80
Net insurance benefits	(18,546)	(13,292)	(18,546)	(13,292)
Gross profit	60,353	66,550	59,383	66,359
Commissions payable and stamp duty	(1,155)	(817)	(1,155)	(817)
Management and investment expenses	(5,505)	(4,170)	(4,063)	(4,029)
Profit before transfer of long term policyholders' benefits	53,694	61,563	54,165	61,514
Transfer to Policyholder's Liabilities	(43,214)	(46,426)	(43,214)	(46,426)
Profit before income tax expense	10,480	15,137	10,951	15,088
Income tax expense	(1,060)	(5,760)	(1,098)	(5,742)
Profit for the year	9,420	9,378	9,852	9,345
Other comprehensive income	(304)	328	(304)	328
Total comprehensive income	9,116	9,706	9,548	9,674
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION				
ASSETS				
Non-current assets				
Property and equipment	1,595	1,617	1,482	1,608
Intangible assets	294	252	230	250
Investments	184,351	123,478	184,601	123,728
Total non-current assets	186,239	125,347	186,313	125,586
CURRENT ASSETS				
Investments	51,553	66,205	51,553	66,205
Insurance and other receivables	2,807	2,094	2,918	2,030
Income tax receivable	92	287	68	303
Cash and cash equivalents	17,125	16,443	17,167	16,202
Total current assets	71,576	85,028	71,705	84,739
Total assets	257,815	210,376	258,019	210,325
EQUITY AND LIABILITIES				
Share capital				
Share Premium	33	33	33	33
Non-distributable reserves	1,358	1,358	1,358	1,358
Revaluation Reserves	3,938		3,938	
Retain Earnings	930	1,235	930	1,235
Retain Earnings	20,197	18,992	20,597	18,960
Total Equity	26,456	21,618	26,856	21,586
Liabilities				
Policyholders benefits				
Technical Reserves	203,123	162,330	203,123	162,330
Deferred Tax Liabilities	24,104	20,624	24,104	20,624
Total Non Current Liabilities	228,895	187,232	228,940	187,230
Current liabilities				
Insurance and other payables	859	693	859	693
Trade and other payables	1,588	817	1,348	782
Amounts due to group companies	17	16	16	34
Total Current Liabilities	2,464	1,526	2,223	1,509
Total liabilities	231,359	188,758	231,163	188,739
Total Equity and Liabilities	257,815	210,376	258,019	210,325
CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOWS				
Net cash flows from operating activities	9,074	9,234	9,225	9,248
Net cash flows to investing activities	(4,070)	(1,805)	(3,938)	(2,061)
Net cash flows to financing activities	(4,323)	(2,540)	(4,323)	(2,540)
Net (decrease)/increase in cash and cash equivalents	681	4,889	965	4,647
Cash and cash equivalents at 1 January	16,443	11,555	16,202	11,555
Cash and cash equivalents at 31 December	17,125	16,443	17,167	16,202

INTRODUCTION

NICO Life Insurance Company Limited is a life insurance company that offers a comprehensive range of products from deposit administration to individual and group life insurance. The company is co-owned by NICO Holdings Plc (51%) and Sanlam Emerging Markets (49%).

BASIS OF PREPARATION

The summary consolidated and separate financial statements have been prepared in compliance with the requirements of the Financial Services Act, 2010. The Directors have considered the requirements of the Financial Services Act, 2010 and the summary consolidated and separate statements of financial position, profit or loss and other comprehensive income and cash flows to meet the requirements of the users of the summary consolidated and separate financial statements.

The summary consolidated and separate financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards.

The summary consolidated and separate financial statements have been derived from the consolidated and separate financial statements which were approved by the board of directors on 26th of March 2019.

ECONOMIC HIGHLIGHTS

The economy continued to stabilize in 2018 with a decline in inflation closing at 9.2% (2017: 11.6%). The Kwacha closed the year at K737.25 (2017: K734.78) against the US dollar. The Malawi All Share Index performance declined to 34.19% from a return of 62.14% in 2017.

PERFORMANCE

Gross revenue is at K79.2 billion compared to K80.1 billion in 2017. Profit after tax at K9.4 billion is at par with prior year's performance. Total fund grew by 23% to K258 billion from K210 billion in 2017.

PROSPECTS

The company introduced Tilinanu and Dekhani Funeral Products for individuals and groups where cash is paid out and service rendered in the event of death respectively. In addition, a new annuity offering was also introduced to provide a wide range of options to annuitants. The company will continue to leverage synergies that exist within NICO and Sanlam Groups to ensure that we continue to provide better service to our clients.

The expected bumper harvest is likely to be affected by the floods experienced in the country. This coupled with power shortages which may resurface after the rainy season is over, will likely exert more pressure on inflation. It is expected that the Malawi Kwacha will continue to be stable.

The company will continue to focus on good customer experience by enhancing operational efficiency and innovation in response to customer needs.

We look forward to another successful year in 2019.

By order of the Board

Vizenge M. Kumwenda
Chairman
26th March 2019

Eric Chapola
Chief Executive Officer

CERTIFICATE OF THE ACTUARY

I hereby certify that to the best of my knowledge and belief the liabilities under un-matured Life, Funeral, Industrial, Deposit administration, Group Life and sinking fund policies issued by NICO Life Insurance Company Limited do not exceed the amount of the Life insurance fund as at 31 December 2018.

Edwin Splinter
FASSA, FIA

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

To the Shareholders of NICO Life Insurance Company Limited

Opinion

The summary consolidated and separate financial statements of NICO Life Insurance Company Limited and its subsidiary which comprise the summary consolidated and separate statements of financial position as at 31 December 2018, the summary consolidated and separate statements of comprehensive income, the summary consolidated and separate statements of cash flows for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of NICO Life Insurance Company Limited and its subsidiary for the year ended 31 December, 2018.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements of NICO Life Insurance Company Limited, in accordance with the requirements of the Financial Services Act, 2010 as applicable to summary financial statements.

Summary consolidated and separate financial Statements

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon. The summary consolidated and separate financial statements and the audited consolidated and separated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

The Audited Consolidated and Separate Financial Statements and our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 29 March 2019. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year.

Directors' Responsibility for the Summary Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the basis described on the basis for preparation paragraph.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte

Chartered Accountants
Madalo Mwenelupembe
Partner
23 April 2019

